



## Desalination Task Force Minutes Regular Meeting

4:00 p.m. – Wednesday, May 20, 2009

Soquel Creek Water District Board Room  
5180 Soquel Drive, Soquel California

*The Desalination Task Force consists of two members of the Soquel Creek Water District Board and two members of the City of Santa Cruz City Council.*

For the purpose of preparation of the minutes the following terms will be used throughout the current and all future minutes. The City of Santa Cruz/Soquel Creek Water District Desalination Task Force will be referred to as the “Task Force.” The City of Santa Cruz will be referred to as the “City” and the City of Santa Cruz Water Department will be referred to as the “SCWD.” The Soquel Creek Water District will be referred to as “SqCWD.” A member of the Soquel Creek Water District Board of Directors will be referred to as “Director” and the Soquel Creek Water District General Manager will be referred to as “General Manager.” A member of the Santa Cruz City Council will be referred to as “Councilmember” and the Director of the City of Santa Cruz Water Department will be referred to as “Water Director.”

**Call to Order** Chair B. Daniels called the meeting to order at 4:10 p.m. in the Soquel Creek Water District Board Room.

### Roll Call

Present: Director B. Daniels, Director D. Kriege, Councilmember R. Coonerty (left at 5:30 p.m.) and Councilmember M. Rotkin (arrived at 4:20 p.m.).

Staff: Deputy Water Director L. Almond; General Manager L. Brown; Desalination Program Coordinator H. Luckenbach; and Public Outreach Coordinator M. Schumacher.

Others: Brent Haddad, MBA, Ph.D. - Project Agreement Facilitator.

**Presentation** There were no presentations.

**Statements of Disqualification** There were no statements of disqualification.

**Oral Communications** There were no oral communications.

### Announcements

Director B. Daniels reported that he attended the public meeting held at the Seymour Center. The event was well attended mostly by City residents and suggested that another meeting be held at a mid-county location.

### **Approval of Minutes**

**Director D. Kriege moved approval of the minutes of the April 15, 2009 Desalination Task Force meeting with an amendment on Page 3 last sentence delete once-through cooling and add open ocean intakes. Councilmember R. Coonerty seconded.**

**VOICE VOTE: MOTION CARRIED**  
**AYES: R. Coonerty, B. Daniels and D. Kriege.**  
**NOES: None.**  
**ABSTAIN: M. Rotkin.**

### General Business

#### 1. Discussion of Various Project Delivery Options

Michael Greenspan and Todd Reynolds from Kennedy Jenks Consultants provided a presentation on project delivery options available for design and construction of the various components of a full-scale desalination plant.

A copy of the power point presentation will be included in the original papers.

**No action was taken on this item.**

#### 2. Offshore Geophysical Study - EcoSystems Management Associates, Inc. (ECO-M) Change Order No. 1

**Councilmember R. Coonerty moved to ratify Change Order No. 1 for EcoSystems Management Associates, Inc. (ECO-M) in the amount of \$13,940 for the Offshore Geophysical Study. Director D. Kriege seconded.**

**VOICE VOTE: MOTION CARRIED**  
**AYES: R. Coonerty, D. Kriege and M. Rotkin.**  
**NOES: B. Daniels.**

#### 3. Draft Request for Proposals: CEQA/NEPA Support Services for the scwd<sup>2</sup> Desalination Program

### Task Force Comments

It is important to have the Soquel Creek Water District constituency involved in the process.

The scope of the EIR, in particular the need to size items for the potential capacity of 4.5 MGD will be a political challenge (growth inducing) for the City even though another EIR process would be necessary to increase the capacity from the proposed 2.5 MGD.

The consultant selected should have the ability to demonstrate that it is prudent planning to consider a plant that can expand its capacity.

The EIR should be written from a positive point of view and should showcase all the environmental improvements that a full-scale plant will accomplish.

Program staff will need to be able to communicate with the consultant and keep them informed of what is happening in the community.

**No action was taken on this item.**

4. Draft Project Plan & Agreement – Issues Settled/Issues to be Settled

*The Draft Project Plan & Agreement is an ongoing work product and standing agenda item.*

1. Production Scheduling: priority system

Page 33, third paragraph, last sentence include after March 15 for April 1 and October 15 for November 1.

2. Emergency Call for Desalinated Water Principles and Procedures.

Dr. Haddad reported that an entire section of the final agreement will be dedicated to arbitration. This section will be presented to the task force at a future meeting.

3. Capital cost allocation

No comments were made on the capital cost allocation.

Councilmember M. Rotkin briefed the task force about concerns expressed by the City Water Commission at its April 6, 2009 meeting that the cost share ratio is inequitable since SqCWD's need for desalinated water is greater than the City's in most years and it would be nearly impossible for SqCWD to go out and build its own plant. He is planning to attend an upcoming meeting and will report back to the task force.

4. Operating Costs

Page 38 - Land Purchase, second paragraph, delete 50% and add original portion paid.

Page 39 – include under Water Charge Categories, additional water quality testing not included in fixed readiness cost (R)

Page 41 - A better definition of the Annual Budget/Operations Review Meeting should be provided along with a process by which the managers will have the responsibility to bring to each of its governing bodies a work plan and budget for review and approval. An annual meeting of the governing body should be included for the first several years of operation.

Dr. Haddad reported that he will revise the Annual Budget/Operations Review Meeting based upon task force discussion.

5. Interim Memorandum of Agreement (MOA) between agencies

**Councilmember M. Rotkin moved tentative approval of 1) Production scheduling: priority system; 2) Emergency Call for Desalinated Water Principles and Procedures; 3) Capital Cost Allocation; 4) Operating Costs as amended by Task Force comments; and tabled 5) Interim Memorandum (MOA) between agencies for further discussion. Director D. Kriege seconded.**

**VOICE VOTE: MOTION CARRIED**  
**AYES: B. Daniels, D. Kriege and M. Rotkin.**  
**NOES: None.**  
**ABSENT: R. Coonerty.**

#### **Issues to be settled.**

##### Governance

The task force reviewed analyses and proposals for joint governance of the project and expressed its support for the concept of partnership. Three issues were discussed with respect to each agency's interests: ownership, governance and CEQA. SqCWD representatives expressed that the facilities built as part of this project should be co-owned proportionate to each agency's financial contribution in a manner so that this investment could be listed as an asset by each individual agency and used as funding collateral. SqCWD also expressed an interest in protecting its long-term (multi-decade) interest in the desalination facility. The task force agreed that private ownership of the desalination facility was not a viable option due to risk concerns and cost concerns.

With respect to governance, SqCWD representatives expressed concerns that the contractual arrangement as proposed did not retain the desired partnership and indicated that their first choice for governance would be a Joint Powers Agreement. It was suggested that it may be useful to review the Library Joint Powers Agreement. The task force requested that the governance issue be tabled in order to allow both agencies an opportunity to solicit legal counsel on this subject and for SqCWD to better define its objectives. One topic of examination will be whether joint ownership of the facility is possible in the absence of a Joint Powers Authority governance structure.

B. Daniels stated that the City being the lead agency on the EIR is not a partnership. He and D. Kriege discussed concerns that the CEQA process, ownership and governance must be established in a manner that shows SqCWD constituents that their interests are served. It was agreed by consensus that the City Water Department should operate the plant.

## **Program Managers' Report**

### A. Work Schedule

- › Pilot Plant: The pilot plant is shut down, and dismantled. Staff continues to work with UCSC on final development plans. Goal for completion of the improvements is October.
- › Offshore work scheduled to begin work in July.

### B. Upcoming Tasks

- › Pilot Study: Final report due August 2009. Staff will meet with CDM in interim to discuss process selection.
- › Monthly sampling is being conducted for the Entrainment Study through April 2010.
- › A kick off meeting is scheduled June 1 for the Energy Minimization and Greenhouse Gas Reduction Study. One of the items of discussion will be how/when to engage the public as recommended by the Task Force last month.

### C. Additional or Amended Tasks -- No report.

### D. Contacts with Regulatory Agencies/Requests from Regulatory Agencies

- › A new Coastal Development Permit waiver for the offshore work it being posted. The Technical Working Group agreed to add a small on-shore component that was not included in the last waiver. This should go to the commission in June.
- › All permits for the pilot project are being closed out.

### E. Contracts

- › CH2MHILL's scope of work was modified as follows based on City Council recommendation to eliminate the evaluation of expansion to 3.5 and 4.5.
- › ECO-M Change Order No. 1 additional permitting (State Lands) and additional insurance (City). Another Change Order is anticipated and will include some correlative on-shore work, diving the outfall and permitting.

### F. Public Outreach Program

- › New Backgrounder Fall 2009 (to precede the first EIR pre-scoping meeting).

### G. Budget -- No report.

### H. Report of Findings

- › We are preserving samples from the entrainment study monthly sampling so that, in the event rock fish are found, we can determine their species with DNA testing. Certain species, if present, would demand higher mitigations should an open-ocean intake be installed.

